

**TRAFFORD COUNCIL**

**Report to: Executive**

**Date: 22 March 2021**

**Report for: Information**

**Report of: The Executive Member for Finance and Governance and the  
Corporate Director of Finance and Systems**

**Report Title:**

Budget Monitoring 2020/21 – Period 10 (April 20 to January 2021).

**Summary:**

The purpose of this report is to inform Members of the current 2020/21 forecast outturn figures relating to both Revenue and Capital budgets. It also summarises the latest forecast position for Council Tax and Business Rates within the Collection Fund.

**Recommendation(s)**

**It is recommended that the Executive:**

- a) note the updated positions on the revenue budget, collection fund and capital programme.
- b) note the movements in earmarked reserves.

**Contact person for access to background papers and further information:**

David Muggeridge, Finance Manager, Financial Accounting Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Relationship to GM Policy or Strategy Framework	Not Applicable
Financial	Revenue and Capital expenditure to be contained within available resources in 2020/21.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Carbon Reduction	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

**Other Options**

Not Applicable

**Consultation**

Not Applicable

**Reasons for Recommendation**

Not Applicable

**Finance Officer Clearance**      ...GB.....

**Legal Officer Clearance**      .....JLF...

*G. Bentley*

**DIRECTOR'S SIGNATURE** ... ..

## EXECUTIVE SUMMARY

- The approved budget for 2020/21 is £175.52m; as at Period 10 an underspend of £2.301m is forecast (underspend £2.108m at Period 8). See Table 1.
- The positive movement of £193k since the last monitoring report mainly relates to minor movements in staffing costs and release of contingency budgets. (Table 2 provides detail of all the service variances).
- It is fair to say that projecting the financial impact of COVID-19 throughout the year has been difficult given the level of uncertainty in near every aspect of the council's services. At the time of the period 8 monitor, the Government had announced the third national lockdown commencing on 5<sup>th</sup> January, along with additional support of £2.23m to accommodate winter pressures. The council adopted a prudent approach to its forecast outturn and held this resource in a contingency reserve to cover expected pressures. As at period 10 this resource has not been required, although the forecast assumes it is available to be drawn down should the outturn position deteriorate in the remaining two months of the year.
- It must be stressed that the long term impact of the pandemic remains a significant risk for the Council in future years. The Spring Budget on 3<sup>rd</sup> March provided some certainty on the future level of wider economic support, particularly around the extension of the business rates relief scheme for retail, hospitality and leisure. However, there remains a high level of ongoing uncertainty concerning the recurrent impact of COVID and as such the council will continue its prudent approach to bolstering its COVID related reserves to cover potential pressures in 2021/22, should the additional winter pressures resource remain uncommitted at year end.
- Gross Covid-19 financial pressures are estimated at £56.785m an increase of £5.573m from period 8. This largely relates to costs associated with additional grants relating to Contain Outbreak, Community Champions, Workforce Capacity, Rapid Testing and contributions from the CCG. The net impact after Government support and contributions from the CCG is £13.927m and of this £8.579m relates to the deficit on the Collection Fund. The Government has allowed Councils to remove the collection fund deficit and recover this over the next three years. Once removed, the net COVID pressure in 2020/2021 is £5.348m which represents an increase of £774k from period 8. This additional pressure largely relates to increase costs in adults client demand £500k and additional ICT equipment for staff at £147k.
- The Covid-19 pressures above have been offset by savings across other service and corporate contingency budgets, such as adult placement costs and staffing vacancies, which if fully realised should help mitigate the overall Covid-19 pressures to arrive at a net underspend of £2.301m a small positive movement of £193k since period 8.

- **Council Tax** - forecasting a deficit of £4.069m which is a positive movement of £1.238m from Period 8. Improvements have been seen in collection rates continue as the year progresses. (See Para 8.)
- **Business Rates** continues to be a complex area and prone to variation which has been exacerbated by the impact of Covid-19. An in-year deficit including section 31 grants of £3.5m is still forecast. (See Para 13).
- The Government has issued exceptional guidance during the year which allows authorities to spread the full deficits on the collection fund balances for council tax and business rates over the next three financial years and will therefore have a neutral impact in the current year. Without this flexibility the Council share of the pressure on the 2020/21 would have been a further £8.5m.
- **Reserves Movements** – Any final in-year underspend in 2020/21 will be transferred to the Budget Support Reserve, along with any uncommitted COVID-19 winter pressures grant. In addition the report also includes for the transfer of reserves, particularly for Adults Social Care and Public Health. See paragraph 6.
- **Capital Programme** - Minor rephasing to the general programme of £3.2m; projected capital expenditure is £37.2m in 2020/21 (See Para 33). At this stage of the year (99%) of the budget has now been committed or is programmed to start in the year.

## REVENUE BUDGET

1. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing an explanation of the variances:

<b>Table 1: Budget Monitoring results by Service</b>	<b>2020/21 Budget * (£000's)</b>	<b>Forecast Outturn (£000's)</b>	<b>Forecast Variance (£000's)</b>	<b>Percentage</b>
Children's Services	42,077	41,350	(727)	(1.7)%
Adult Services	49,385	49,482	97	0.2%
Public Health	12,381	12,403	22	1.8%
Place	29,360	36,429	7,069	24.1%
Strategy and Resources	5,146	7,661	2,515	48.9%
Finance & Systems	7,900	7,834	(66)	(0.8)%
Governance & Community Strategy	6,518	6,746	228	3.5%
<b>Total Directorate Budgets</b>	<b>152,767</b>	<b>161,905</b>	<b>9,138</b>	<b>6.0</b>
Council-wide budgets	22,755	16,038	(6,717)	(29.5)%
<b>Net Service Expenditure variance</b>	<b>175,522</b>	<b>177,943</b>	<b>2,421</b>	<b>1.4%</b>

<b>Funding</b>				
Business Rates	(65,792)	(65,792)		
Council Tax	(103,990)	(103,990)		
Reserves Budget Support	(4,524)	(4,524)		

Reserves to Support COVID-19		(4,722)	(4,722)	
Collection Fund surplus	(1,216)	(1,216)		
<b>Funding variance</b>	<b>(175,522)*</b>	<b>(180,244)</b>	<b>(4,722)</b>	<b>(2.7)%</b>
<b>Net Revenue Outturn variance</b>	<b>0</b>	<b>(2,301)</b>	<b>(2,301)</b>	<b>(1.3)%</b>
<b>Dedicated Schools Grant</b>	<b>139,392</b>	<b>140,716</b>	<b>1,324</b>	<b>0.9%</b>

### Budget Adjustments and Virements

\* There has been one virement across two Directorates since Period 8, as detailed in Appendix 1.

## Main variances, changes to budget assumptions and key risks

2. The main variances contributing to the projected overspend in service budgets of £2.421m, any changes to budget assumptions and associated key risks are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	(727)	<p><b>Projected outturn variance £727k favourable; a favourable movement of £109k since period 8.</b></p> <p>The coronavirus pandemic continues to have an impact on the service both in terms of changes to its service delivery and finances. The estimated pressures are outlined below:</p> <ul style="list-style-type: none"> <li>• The overall savings target for the service of £1.611m, is anticipated to be achieved; no movement</li> <li>• Anticipated increase in overall demand in placements/early support of £308k, a favourable movement of £474k (Note 1);</li> <li>• Underspend on staffing budgets of £1.464m, an adverse movement of £260k (Note 2);</li> <li>• Additional transport costs of £450k, an adverse movement of £25k (Note 3);</li> <li>• £278k under budget on other running costs and income across the service; an adverse movement of £43k (Note 3);</li> <li>• Loss of income due to COVID-19 of £257k, an adverse movement of £37k, mainly seen at the two nurseries and those service areas unable to provide face to face training.</li> </ul> <p><b>Note 1</b></p> <p>Current projections indicate there is an estimated overspend of £308k on children's placements, a favourable movement of £474k.</p> <p>The service has not seen the increase in demand it had anticipated due to the Coronavirus pandemic and has therefore revised its projections this year. At this stage it is felt that the potential impact from the pandemic may fall into the following financial year.</p> <p>The numbers of children as at the end of January 2021 are as follows:-</p> <ul style="list-style-type: none"> <li>• children in care 406, an increase of 15;</li> <li>• child protection is 189, a decrease of 40;</li> <li>• children in need 670, an decrease of 78.</li> </ul>

		<p>The above position assumes that £1.611m of the original savings target will be achieved in full and as at the end of September 2020 £1.608m of this has been achieved.</p> <p>A contingency of £217k is also included to cover any further demand and potential timeline changes to the anticipated reductions mentioned above.</p> <p><b><u>Note 2</u></b></p> <p>There are underspends in staffing of £1.464m; this is an adverse movement of £260k which is mainly due to an increase in and a temporary extension of agency staff.</p> <p>These underspends this year, due to delays in recruiting, are one-off in nature as the service undertakes its service redesign which will be in place in 2021/22.</p> <p><b><u>Note 3</u></b></p> <p>The adverse variance in running costs across the service is £172k; an adverse movement of £68k. The reasons for this adverse movement are as follows:</p> <ul style="list-style-type: none"> <li>• Home to School transport, adverse movement of £25k. This is mainly due to additional costs incurred as a result of social distancing requirements;</li> <li>• Minor variances adverse movement of £43k.</li> </ul> <p>In addition to this there are further estimated costs due to Covid-19 of £470k for the winter grant scheme which will be met by a specific government grant.</p>
Adult Services	97	<p><b>Projected Outturn variance £97k adverse, a favourable movement of £114k since period 8.</b></p> <p>The coronavirus pandemic is continuing to have a significant impact on the service both in terms of changes to its service delivery and finances. The areas of estimated pressures are outlined below:</p> <ul style="list-style-type: none"> <li>• The overall savings target for the service was £1.348m, of which £949k is not anticipated to be achieved, no movement;</li> <li>• Payments to care providers of £1.469m to meet additional costs, no movement;</li> <li>• £3.884m below budget on Adult clients, favourable movement of £1.044m (Note 1);</li> <li>• £477k below budget due to vacancies and one off savings, favourable movement of £70k (Note 2);</li> <li>• Additional Personal Protective Equipment £551k of which £511k is recovered from the CCG and £40k is met by the Council, no movement to the Council;</li> </ul>

	<ul style="list-style-type: none"> <li>• £1.0m to support to the disabled facilities grant for 21/22, no movement (note 3);</li> <li>• £1.0m transfer to reserve to support short term pressures on the budget for 21/22, adverse movement of £1.0m (note 4).</li> </ul> <p>It must be noted that the risk posed by further spikes in COVID-19 infections places an increased demand on the Service in supporting the NHS with ensuring speed of discharges.</p> <p><b>Note 1</b></p> <p>Adult Clients currently projects a £3.884m favourable variance; £1.044m favourable movement since period 8.</p> <p>This budget has and continues to increase in both its complexity and volatility as a result of the coronavirus pandemic.</p> <p>Estimates are made for those packages of care that are covered by the two hospital discharge programmes (HDP) as follows:-</p> <ul style="list-style-type: none"> <li>• Scheme 1, March 2020 to August 2020 – these costs were met by the Trafford Clinical Commissioning Group (CCG) until the 12th October or for those awaiting a Continuing Healthcare Assessment (CHC) will continue to be met until the Assessment is completed;</li> <li>• Scheme 2 - September 2020 to March 2021 - up to 6 weeks of these cost will be met by the CCG.</li> </ul> <p>In both schemes once CHC assessments have been undertaken costs will either be met by the CCG as continuing health care (CHC) or from the adult client’s budget whereby financial assessments will be undertaken to assess the amount of client contributions.</p> <p>The movement from P8 is largely due to a higher than anticipated number of care packages requiring CHC assessments under scheme 1 of the HDP. Until these assessments are undertaken they will continue to be fully paid for by the CCG. The expectation is that they will all be complete by the 31st March 2021.</p> <p>The current forecast cost for all those care packages still awaiting determination is £743k.</p> <p>At this stage an estimate has been included of £314k (42.2%) as to the amount that will either:-</p> <ul style="list-style-type: none"> <li>• continue to be paid by the CCG until assessments are undertaken;</li> <li>• transfer to the CCG as continuing health care (CHC) packages, or;</li> <li>• be met from client contributions once financial assessments have been undertaken.</li> </ul> <p>It should be noted that this estimate again has the potential to vary due to the timing of assessments, individual needs and financial</p>
--	---



	<p>circumstances of each client who has been in receipt of a COVID-19 funded care package.</p> <p>Within the projection there is a contingency of £265k set aside for additional increases in demand/cost pressures throughout the rest of the financial year that are non COVID-19 related.</p> <p><b>Note 2</b></p> <p>The current forecasts indicate there is a favourable variance of £463k; a favourable movement of £56k. This is due to the following:</p> <ul style="list-style-type: none"> <li>• £224k favourable variance on staffing due to vacancies; adverse movement of £36k;</li> <li>• £301k favourable variance on client equipment and maintenance due to the impact of COVID-19; favourable movement of £106k;</li> <li>• £48k adverse variance on contracts; no movement.</li> </ul> <p>In addition to this there are further estimated costs as outlined below:</p> <ul style="list-style-type: none"> <li>• £10.487m which will be met by the CCG from their allocation given by NHSE for hospital discharges;</li> <li>• £4.246m for infection control for care providers which will be met by government grant;</li> <li>• £550k for adult social care rapid testing which will be met by government grant;</li> <li>• £473k for adult social care workforce capacity which will be met by government grant;</li> <li>• £262k for the clinically extremely vulnerable which will be met by government grant.</li> <li>• £14k for contain outbreak management which will be met by government grant</li> </ul> <p><b>Note 3</b></p> <p>Due to an anticipated demand and therefore additional pressures on the capital budget for disabled facilities in 21/22, £1.0m of the adults underspend this year will be set aside in the capital reserve to support this budget in 21/22.</p> <p><b>Note 4</b></p> <p>Due to a range of short term pressures in the service whilst continuing with their improvement journey and the potential requirements within hospital settings to reduce waiting lists, which will have an impact on discharges from hospital, £1.0m of the adults underspend this year will be set aside in an adult reserve to support this budget in 21/22.</p>
--	--

Public Health	22	<p><b>Projected Outturn variance £22k adverse</b></p> <p>All of this variance, £22k, is projected as COVID-19 related council spend on staffing.</p> <p>Currently there is a projected underspend on business as usual of £1.029m, a favourable movement of £636k which is as a result of:</p> <ul style="list-style-type: none"> <li>• a refund from the Pennine contract last year of £205k, no movement;</li> <li>• one-off reductions in the MFT contract this year £275k, favourable movement of £275k;</li> <li>• a projected reduction in costs for activity based areas of £249k e.g. sexual health services, a favourable movement of £61k;</li> <li>• a reduction in 'business as usual' staffing costs of £300k from October 2020 to March 2021 as the service continues to lead and support the outbreak management response to the pandemic, a favourably movement of £300k.</li> </ul> <p>However for 2021/22 discussions with Manchester Foundation Trust on the community contract have yet to take place and there is also the possibility that those activity based areas that have been low this year may see higher than usual levels as we move into 2021/22. Therefore this underspend is to be ring-fenced in a public health reserve for 2021/22.</p> <p>In addition to this there are further estimated costs due to Covid-19 which will be met by a specific government grant as outline below:-</p> <ul style="list-style-type: none"> <li>• £1.457m for the test and trace service</li> <li>• £300k for contain outbreak management</li> </ul>
Place	7,069	<p><b>Projected outturn variance £7.069m adverse, a favourable movement of £183k since period 8.</b></p> <p><b>The forecast pressures include:</b></p> <ul style="list-style-type: none"> <li>• COVID-19 related income losses are £5.690m, a reduction of £173k mainly related to better than expected forecasts of outdoor media advertising income. The overall loss includes Parking fees and fines £944k (increase of £15k), property rentals £813k, outdoor media advertising £418k (reduction of £150k), planning fees £526k (reduction of £34k), licencing fees £256k (increase of £17k), building control fees £168k, highways permits and grants £156k, street trading £114k, pest control £17k (£16k reduction) and trade waste £117k. The figures also include the requirement to support Trafford Leisure which has trading deficits for 2020/21 due to the various COVID-19 restrictions, as reported previously. Trafford Leisure are working closely with the Council to monitor finances and mitigate the budget pressures as far as possible within the</li> </ul>

		<p>various operational restrictions, including a recent bid for grant funding;</p> <ul style="list-style-type: none"> <li>• COVID-19 expenditure pressures are £1.141m and have increased by £2k overall. The overall pressure includes £555k in expected additional waste disposal costs based on latest tonnage estimates and £215k related to waste collection, £144k for rough sleepers, £50k for inclusive neighbourhoods, £50k for high street reopening, £35k traffic management, £22k play areas and £70k operational buildings. There are also additional costs fully offset by additional specific COVID-19 grants of £107k for “COVID Marshals”, £20k for Rough Sleepers and £77k for Public Protection/Community Safety “pandemic contain” funding. There has also been recent confirmation of a successful bid for Community Champions funding £472k;</li> <li>• Other non-COVID-19 forecast pressures include £279k relating to property costs, including those awaiting disposal or redevelopment. This includes £94k relating to abortive development costs associated with Altrincham and Stretford Leisure centres. There is a shortfall in building control income £188k, following on from the end of 2019/20, which is offset by an underspend in staffing from vacancies of £184k. CCTV income is also forecast at £37k below budget. There is additional income above budget for Altair £120k and other rents £19k;</li> <li>• There is an overall a staffing underspend of £467k relating to actual and forecast vacancies for the year (excluding the ring-fenced Planning account), which is approximately 10.2% of the staffing budget. This is £105k higher than last reported;</li> <li>• The Planning service is a ring-fenced account and has a forecast underspend of £204k in staffing and running costs which can be utilised to offset the COVID-19 income pressure for Planning application fees above;</li> <li>• The Strategic Investment Property Portfolio will deliver a net benefit to the revenue budget in 2020/21 of £6.71m. This is £728k lower than budgeted (adverse movement of £7k) due to economic factors affecting some of the income particularly from the town centre investments (see paragraph 44 for further details).</li> </ul>
Strategy and Resources	2,515	<p><b>Projected outturn variance £2.515m adverse, a favourable movement of £58k since period 8.</b></p> <p><b>This includes COVID-19 pressures of £2.580m, a favourable movement of £100k since period 8:</b></p> <ul style="list-style-type: none"> <li>• Trading losses in the overall outturn includes £2.047m in Catering (no change), £14k in Cleaning (reduction of £1k) and</li> </ul>

		<p>£269k in the Music Service (reduction of £67k). The net loss of income from staff parking is now £169k (reduction of £16k) and there is also £6k loss of other SLA income (unchanged);</p> <ul style="list-style-type: none"> <li>• Cost pressures include £32k relating to Stop Gap staffing (reduction of £14k) and £43k for COVID-19 related communications (reduced by £2k).</li> </ul> <p><b>Other Variances £65k favourable, an adverse movement of £42k since period 8 including:</b></p> <ul style="list-style-type: none"> <li>• Forecast staff costs are £149k below budget across the Directorate based on actual and projected vacancies across the year (2.0% of the staff budget), an adverse movement of £20k;</li> <li>• Bereavement Services net additional income after costs of £58k, adverse movement of £21k;</li> <li>• Other minor variances are net £16k adverse.</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £126k, which is projected to be achieved in full.</p>
--	--	--

Finance & Systems	(66)	<p><b>Projected outturn variance £66k favourable, an adverse movement of £161k since period 8.</b></p> <p><b>COVID-19 Forecast Pressures £364k, adverse movement of £211k since period 8:</b></p> <p>This relates to additional unplanned ICT staffing costs relating to the build and configuration of hardware (laptops etc) directly related to the COVID-19 pandemic.</p> <p>There are also additional costs fully offset by additional specific COVID-19 grants totalling £516k to date in both ICT and Exchequer Services. This includes £147k relating to ICT staff and equipment, Exchequer spend of £218k Emergency Assistance Grant, £118k Winter Grant scheme and £33k Self-isolation payments.</p> <p><b>Other Variances £430k favourable, a favourable movement of £50k</b></p> <ul style="list-style-type: none"> <li>• Forecast staff costs are £335k less than budget across the Directorate based on actual and forecast vacancies across the whole year, which is 4.0% of the total staffing budget, and £2k higher than last reported. This includes £196k in Finance Services and £139k in ICT;</li> <li>• General running costs are forecast to be underspent by £240k, an increase of £21k. The underspend mainly relates to reduced ICT systems and maintenance costs pending major capital investment;</li> <li>• Other additional income is £43k above budget, favourable movement of £27k, including schools SLA income.</li> </ul> <p>These are offset by the budgeted Directorate-wide efficiency saving target of £188k, which is expected to be achieved in full.</p>
-------------------	------	---

Governance & Community Strategy	228	<p><b>Projected outturn variance £228k adverse, an adverse movement of £57k since period 8.</b></p> <p><b>COVID-19 Forecast Pressures £573k, an adverse movement of £2k since period 8</b> (losses of income £386k and additional unplanned expenditure £187k):</p> <ul style="list-style-type: none"> <li>• Forecast income losses include £184k relating to Sale Waterside Arts Centre (increase of £6k) and £59k for events including Flixton House (reduction of £5k). Land charges income is projected to be £25k less than budget (reduced by £17k) and Registrar's £67k (reduction of £10k). There is also a £51k loss of income expected from library lettings (reduction of £2k);</li> <li>• Additional expenditure includes legal costs related to fees and additional agency staff required due to the increase in caseload.</li> </ul> <p><b>Other Variances £345k favourable, adverse movement of £55k:</b></p> <ul style="list-style-type: none"> <li>• Forecast staff costs are £669k below budget across the Directorate, reduced by £3k, based on actual and projected vacancies reviewed across the year (11.3% of the staff budget). This includes £243k in Legal Services, £175k in Access Trafford (contact centre), £214k in Partnerships and Communities and £37k in Arts and Culture;</li> <li>• General running costs are overspent by £65k, adverse movement of £53k, mainly due to library ICT costs and legal court fees;</li> <li>• There is a shortfall in income of £66k compared to budget excluding the COVID-19 pressures above (£1k adverse movement). This includes a £32k shortfall in capital fee income which is related to staff vacancies, and a £27k reduced forecast of grants in Democratic Services, and £7k in libraries.</li> </ul> <p>The net overall underspend of the above is offset by the reduced budgeted Directorate-wide efficiency saving target of £193k.</p>
Council-wide budgets	(6,717)	<p><b>Projected outturn variance £6.717m favourable, a favourable movement of £144k since period 8</b></p> <ul style="list-style-type: none"> <li>• COVID-19 Support Grant – favourable £10.587m, no change since period 8. The Government has announced various general packages to support the financial impact of COVID-19. All of these generic support grants have been accounted for in Council-wide as a centrally held resource for monitoring purposes;</li> <li>• COVID-19 Sales, Fees and Charges Compensation Scheme – £3.377m favourable - alongside the announcement of the 3<sup>rd</sup> COVID-19 support grant in July</li> </ul>

		<p>2020, the Government announced a compensation scheme for lost income from Sales, Fees and Charges. It is now estimated £3.377m will be reimbursed by the Government which compares with £3.575m at Period 8 and although a lower figure, reflects improvements in the loss of income. This has been accounted for in Council-wide in the same manner as the support grants.</p> <ul style="list-style-type: none"> <li>• Provision of £2.234m to accommodate winter pressures relating to COVID-19. Due to the uncertainty surrounding the financial impact of COVID-19 going forward, a contribution to a contingency reserve of £2.234m has been included in the Council-wide forecast;</li> <li>• £5.142m adverse variance on Treasury Management – due to the impact of COVID-19 on the economy the budgeted MAG Dividend of £5.597m is no longer expected. Also, there is a reduction in investment income due to lower interest rates of £169k, offset by additional income from strategic investments of £624k, no change since period 8;</li> <li>• The Housing Benefit budget - at period 10 there is still a significant pressure on the net Housing Benefit budget (payments made, less subsidy, overpayment recovery and use of reserves) of £298k, although this has reduced by £89k since period 8 due to better collection of historic debt.</li> <li>• £203k relating to Trafford’s share of the AGMA-wide Trafford Park Mortuary facility set up in response to the COVID-19 pandemic, no change;</li> <li>• £100k relating to Trafford’s share of the increased costs of the South Manchester Coroners’ service due to the COVID-19 pandemic, no change;</li> <li>• £50k saving relating to Members Allowances, no change;</li> <li>• Liability Order income is forecast to be £245k below budget in 20/21 due to the impact of COVID-19 and the subsequent suspension of the debt recovery process for both Council Tax and Business Rates.</li> <li>• In addition, a number of Council-wide contingencies and provisions relating to service savings not being achieved and doubtful debts have been reviewed. It is considered appropriate at this stage of the year, after taking account of un-budgeted one-off costs to release £925k of these, an additional £300k since period 8.</li> <li>• Contain Outbreak Grant – The Council has received £4.237m to date under the Contain Outbreak programme aimed at enforcement, compliance and contract tracing. As the programme is developed the budget is subsequently managed and reported within the service area forecasts.</li> </ul>
--	--	---

		<p>The balance of the grant and subsequent expenditure of £3.699m is held within Council Wide and will be reassigned to service areas as commitments are firmed up.</p> <p>In addition the Council has received within its General Fund a Council Tax Hardship Grant of £1.56m. In previous monitors it had been anticipated that the full grant would be transferred to the Collection Fund to offset the costs of Hardship awards and Local Council Tax Support Scheme pressures. The rules allowing the transfer of the grant to the Collection Fund have been clarified and only the costs of Hardship awards can be met. To date the Hardship Awards are estimated at £623k, which will subsequently result in an undercommitment of £937k on the grant. This will be transferred to a Council Tax Risk Reserve to support potential ongoing pressures within the Collection Fund relating to Hardship awards.</p>
Dedicated Schools Grant	1,324	<p><b>Projected outturn variance £1.324m adverse, a favourable movement of £142k since period 8.</b></p> <p>DSG is expected to be £1.324m over spent, this is a favourable variance of £142k from period 8. Of this over spend, £1.560m is within the High Needs Block (HNB) offset by under spends in the Schools and Central Schools Services Blocks.</p> <p>The HNB has seen an increase in demand for places and additional top-ups within Special Schools, increasing numbers and complexity of Education Health Care Plans and increasing costs and numbers of placements made out of borough.</p> <p>Although there are overall DSG reserves to cover this deficit, the HNB reserves on their own are not sufficient to cover their overspend. The HNB task and finish group has been re-established and is looking at how to manage the current deficit and also at the longer term strategies required to alleviate the pressures on this budget.</p>

## MTFP SAVINGS AND INCREASED INCOME

- The 2020/21 budget is based on the achievement of permanent base budget savings and increased income of £10.055m. At this stage the latest forecast indicates that there is a projected shortfall in the savings programme of £1.75m, and this includes a number being affected by COVID-19. There has been a minor adverse movement of £23k since period 8.

## RESERVES

- The balance brought forward as at 1 April 2020 of usable reserves was £91.35m, including schools and capital reserves. In February 2020, a figure of £4.53m was agreed to help support the 2020/21 revenue budget.



5. As part of the final budget report for 2021/22 a full review of reserves was undertaken. This was done primarily to identify balances which could be used to support any longer term financial impacts of the pandemic along with ensuring the level of reserves were robust and sufficient to cover the range of risks faced by the Council. Full details of the review can be found in the final budget report agreed by Council in February 2021.
  
6. In addition to the review of reserves undertaken as part of the preparation of the final budget, the following significant movements are also proposed as a result of the latest monitoring. Some of the figures will change depending on future monitors, however the principles surrounding the transfer will remain:-
  - The general underspend, currently estimated at £2.301m to go to Budget Support Reserve to provide a buffer against future budget uncertainty.
  - Since Period 8, GMCA has confirmed the amount of redistribution of Growth Pilot Monies relating to 2019/2020 across the Greater Manchester Business Rates Pool members. Trafford's share is £1.73m and will be transferred to our Budget Support Reserve as agreed in the 2021/22 budget report.
  - A favourable movement in the Adults clients budget will allow £1.0m to be transferred to an adults reserve to address potential pressures in discharges from hospital in 2021/22 (note 1 and note 4 Adults Service commentary).
  - As a result of various contractual and staffing underspends, the Public Health Reserve will be bolstered by £1.029m. This will be held until discussions with Manchester Foundation Trust on the future community contract have been concluded (see Public Health summary in service commentary).
  - Should the additional COVID-19 winter pressures grant of £2.23m remain uncommitted at year end, any surplus will be transferred into our covid related reserves to mitigate any potential ongoing pressures in future years.

## COLLECTION FUND

### Council Tax

7. The table below summarises the pressures and movements on the Council Tax Collection Fund. The Fund is shared between the Council (82%), the Police & Crime Commissioner for GM (13%) and GM Fire & Rescue Authority (5%).

<b>Table 3</b> <b>Summary of Council Tax Collection Fund Movements</b>	<b>Period 8 Full Collection Fund £000</b>	<b>Period 10 Full Collection Fund £000</b>	<b>Movement P10 to P8 (improvement) /deterioration £000</b>	<b>Period 10 Trafford Share £000</b>
<b>(Surplus) Brought Forward</b>	(1,121)	(1,121)	0	(931)
Distribution of estimated surplus	1,466	1,466	0	1,216
<b>Over Distribution of Prior Year - Collected in 21/22 (Para 20)</b>	<b>345</b>	<b>345</b>	<b>0</b>	<b>285</b>
<b>In Year Position</b>				
Shortfall in Tax Base (Para 23)	634	890	256	728
Reduction in Cash Collection (para 21)	3,718	2,207	(1,511)	1,805
Local Council Tax Support Scheme	620	677	57	553
Hardship Awards	816	623	(193)	510
Other Movements (Backdated discounts etc.)	(10)	(50)	(40)	(41)
<b>Sub-total In Year Position before hardship grant (Para 21)</b>	<b>5,778</b>	<b>4,347</b>	<b>(1,431)</b>	<b>3,555</b>
Contribution from Hardship Grant (Para 22)	(816)	(623)	193	(510)
<b>Sub-Total In Year Position (Para 24)</b>	<b>4,962</b>	<b>3,724</b>	<b>(1,238)</b>	<b>3,045</b>
<b>Deficit Carried Forward</b>	<b>5,307</b>	<b>4,069</b>	<b>(1,238)</b>	<b>3,330</b>

8. As reported in previous periods, there was an overpayment on the surplus brought forward as at 1 April 2020. This will be made good in 2021/22 by the three preceptors. Trafford's share is £285k and was set aside in 2019/20 in an earmarked reserve for this purpose.
9. During the first half of the year the challenges faced by COVID-19 have placed considerable pressure on the Council Tax Collection Fund, largely related to a reduction in collection rates and increase in Council Tax Support. In addition, an increasing trend in claims for discounts and reliefs (such as Single Person Discount) has placed further pressure on our business as usual activity. There is currently a forecast deficit of £4.347m. This is an improvement of £1.431m on the estimated deficit of £5.778m at period 8 largely due to continued improvements in collection rates and reductions in the our assumptions on the award of hardship support.

10. The Council has received within its General Fund a Government sponsored COVID-19 Council Tax Hardship Grant of £1.561m to be used to compensate losses in the Collection Fund for Hardship Awards. Hardship awards relating to COVID-19 are estimated at £0.623m a reduction of £0.193m from period 8. The application of the grant will reduce the in-year deficit to £3.724m, compared with £4.962m at Period 8. The remaining balance of the Hardship Grant will be transferred to an earmarked reserve to support the extension of the hardship scheme in 2021/22.
11. As highlighted in the previous monitor, the Government announced changes, enabling local authorities to spread their estimated tax deficits over three years rather than the usual one, and as such the estimated deficit was completely removed from the 2020/21 outturn. The budget for 2021/22 was set using the estimated deficit at Period 8 of £4.962m spread over the next three financial years. The improvement in the outturn forecast to £3.724m will impact on these budgeted assumptions and the timing of the release of the positive movement will be considered as part of the yearend closedown.
12. In summary, as at period 10 the forecast year-end balance on the Council Tax Collection Fund is a deficit of £4.07m (£5.31m at period 8), consisting of an overpayment of £345k in the brought forward balance plus an in year shortfall of £3.72m. The Council's share of this is £3.33m, of which £285k has been identified in an earmarked reserve leaving a balance of £3.05m. The new requirement for local authorities to spread their tax deficits over three years will reduce the financial impact of the full deficit, in 2020/21, to a neutral amount, however this will need to be recovered between the periods 2021 to 2023.

## **Business Rates**

13. The 2020/21 budget included anticipated growth in retained business rates, related S31 grants and redistribution of prior year surpluses of £11.35m. Projecting business rates is by its nature complex and prone to variation, in addition the impact of COVID-19 has added further uncertainty to the accuracy of projections.
14. In previous reporting periods, a broad estimate was made that there would be a reduction in income from non-retail businesses of 5% over the year, resulting in a shortfall of approximately £3.5m.
15. A similar figure is also projected at Period 10, with a shortfall in business rates income of £3.61m compared to £3.57m at Period 8. The shortfall consists of a deficit on the Collection Fund of £5.53m which is offset by various positive General Fund components (section 31 grants, GM Pilot payments) of £1.92m. The Government has announced changes, enabling local authorities to spread their tax deficits over three years rather than the usual one. This will reduce the financial impact of the collection fund deficit of £5.53m in 2020/21 to a neutral amount, however this will need to be recovered between the periods 2021 to 2023. In addition, the positive outturn within the General Fund

of £1.92m will be transferred to the Business Rate Risk Reserve, as previously reported, to help absorb any future business rates volatility.

16. As reported in period 8, the above figures include a payment to Greater Manchester Combined Authority (GMCA) of £2.70m relating to the benefit of the Business Rates Growth Pilot sharing scheme in 2020/21. GMCA has clarified that due to COVID-19 pressures across GM Authorities, they now longer require the payment. This amount will be transferred to the Budget Support Reserve as stated at period 8.
17. Since Period 8, GMCA has announced an additional redistribution of Growth Pilot Monies relating to 2019/2020 across the Greater Manchester Business Rates Pool members. Trafford's share is £1.73m and is expected to be received in the current financial year. In line with our budget proposals this amount will be transferred to the budget support reserve.
18. In a similar manner to the Council Tax Income Compensation Scheme, the Government has also announced support of 75% of budgeted losses on business rates. This grant may be received in the current financial year, however will be transferred to a suitable reserve to be drawdown to meet the requirements assumed in the budget for 2021/22.

### **Impact of COVID-19**

19. During the course of 2020/21 the implications of Covid-19 have had a major and unprecedented impact on the Council's finances. The net pressures being felt in 2020/21 have been detailed in the service narratives and a summary is shown in Table 4, along with the grant funding, CCG and earmarked reserves contributions.

<b>Table 4 – Impact of COVID-19 on Services</b>	<b>Period 8 2020/21 £000</b>	<b>Period 10 2020/21 £000</b>	<b>Change P8 to P10 £000</b>
Estimated Gross Service Pressures	41,166	47,696	6,530
Estimated Funding Pressures (Council Tax and Rates)	10,046	9,089	(957)
<b>Gross COVID-19 Pressures</b>	<b>51,212</b>	<b>56,785</b>	<b>5,573</b>
CCG contribution – PPE – Adults Services	(478)	(511)	(33)
CCG contribution - Hospital Discharges	(9,188)	(10,487)	(1,299)
Infection Control (Care Homes) Grant	(4,246)	(4,246)	0
Public Health – Test and Trace Grant	(1,457)	(1,457)	0
Council Tax Hardship Grant	(667)	(510)	157
Emergency Assist Grant (*)		(218)	(218)
Clinically Extremely Vulnerable (*)		(262)	(262)
Rough Sleeping emergency funding (*)		(20)	(20)
Self Isolation Grants (Admin Grant) (*)		(33)	(33)
COVID Winter Grant Scheme (*)		(588)	(588)
COVID Marshalls (*)		(107)	(107)
Community Champions		(473)	(473)
Rapid Testing		(550)	(550)
Workforce capacity		(473)	(473)
<b>Total Specific Grants and Recharges to CCG</b>	<b>(16,036)</b>	<b>(19,935)</b>	<b>(3,899)</b>
COVID-19 Support Reserve (Bal of 1 <sup>st</sup> Tranche held in reserve)	(4,722)	(4,722)	0
COVID-19 Support Grant 2nd Tranche	(6,539)	(6,539)	0
COVID-19 Support Grant 3rd Tranche	(1,814)	(1,814)	0
COVID-19 Support Grant 4th Tranche	(2,234)	(2,234)	0
Contain Management Outbreak Grant	(2,339)	(4,237)	(1,898)
COVID-19 Support SFC Income Loss Support	(3,575)	(3,377)	198
<b>Total General Government Support</b>	<b>(21,223)</b>	<b>(22,923)</b>	<b>(1,700)</b>
<b>Net COVID-19 Pressures 2020/21 before removal of Collection Fund Deficit</b>	<b>13,953</b>	<b>13,927</b>	<b>(26)</b>
Council Tax Deficit removed and recovered 2021 onwards	(4,059)	(3,045)	1,014
Business Rates Deficit removed and recovered 2021 onwards	(5,320)	(5,534)	(214)

<b>Total Reserves and Funding Contribution</b>	<b>(9,379)</b>	<b>(8,579)</b>	<b>800</b>
<b>Net COVID-19 Pressures 2020/21</b>	<b>4,574</b>	<b>5,348</b>	<b>774</b>

(\* ) Grant previously shown within Gross Service pressures

Gross Covid-19 financial pressures are estimated at £56.785m an increase of £5.573m from period 8. This largely relates to costs associated with additional grants relating to Contain Outbreak, Community Champions, Workforce Capacity, Rapid Testing and contributions from the CCG.

The movement in net costs of £774k is largely associated with a potential increase in demand in Adults Services of £500k for the remainder of the year and additional ICT equipment of £147k.

Net COVID-19 related pressures are estimated at £5.348m at period 10 (£4.574m at period 8), these have been offset to a degree by favourable movements across other services to arrive at a net underspend of £2.301m.

20. Since the period 8 monitor, the Government has announced a further details of new COVID-19 support measures, as well as additional funding for existing schemes, including:
- A Contain Outbreak Management Fund – this scheme was announced at the time of drafting this period 6 monitoring report to support proactive containment and intervention measures. To date the Council has received grant of £4.237m (£2.339m at Period 8). Whilst firm commitments exist for the majority of the grant, the programme is evolving as to how this resource will be utilised. For the purposes of monitoring, this grant and the estimated additional costs are assumed to be neutral in the forecasts with any under committed balance likely to be rolled over to 2021/22. Further instalments of funding are expected over the next few months. The grant and expenditure associated with the programme has been reflected in Adults, Public Health and Place Directorates with the balance of funding and expenditure held within Council Wide pending firm commitment.
  - On 17<sup>th</sup> January the Government announced £269 million funding to help councils to increase staffing levels and testing. £120m funding will help councils to increase staffing levels and support rapid testing of staff and a further £149m will help care home providers with costs incurred, including setting up safe test areas and providing staff training. Trafford has been allocated £0.473m under the Workforce Capacity Fund and £0.550m to support rapid testing. For the purposes of monitoring, both of these grants have been assumed to be fully committed, with the expenditure and grant included in the adults services area.
  - Community Champions – In January 2021 the Council was successful in submitted an expression of interest for the Community Champions Fund, which was aimed supporting networks of volunteers to promote community engagement in mass testing. The amount of the award and associated expenditure at £0.473m is included in the Place Directorate forecasts.

21. Whilst the Service Areas have reported their COVID-19 related pressures separately, the COVID-19 Support Grant (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> tranches) have been accounted for in Council-wide as a centrally held resource for monitoring purposes. Likewise, the estimated income of £3.377m from the Sales, Fees and Charges compensation scheme will also be accounted for in Council-wide. The Council Tax Hardship Grant along with the Rates Relief Grants are also accounted for in Council-wide, however these will be utilised to offset pressures felt within Council Tax and Business Rates in the Collection Fund.

## CAPITAL PROGRAMME

22. The revised programme for 2020/21 for the general Capital Programme and the Asset Investment Fund is £176.51m, a net reduction of £5.64m from the approved budget and a small net reduction of £3.17m since the last monitoring report.

<b>Table 5: Capital Investment Programme 2020/21</b>	<b>Approved Programme £m</b>	<b>Changes £m</b>	<b>Current Programme £m</b>	<b>Change in Period (P8-P10)</b>
<b>Service Analysis:</b>				
Children's Services	8.64	(1.33)	7.31	(0.85)
Adult Social Care	1.84	(0.05)	1.79	0.00
Place	29.98	(3.61)	26.37	(2.33)
Governance & Community Strategy	0.08	0.01	0.09	0.01
Finance & Systems	2.26	(0.66)	1.60	0.00
<b>General Programme Total</b>	<b>42.80</b>	<b>(5.64)</b>	<b>37.16</b>	<b>(3.17)</b>
Asset Investment Fund	139.35	-	139.35	
<b>Total Programme</b>	<b>182.15</b>	<b>(5.64)</b>	<b>176.51</b>	<b>(3.17)</b>

23. **Amendments to General Capital Programme  
Re-profiling of Budgets to Future Years (£3.17m)**

### Children's Services

- Basic Needs (£355k) – This element of resources is held as a contingency for basic need issues needing immediate resources to resolve and to assist in any cost pressures on active schemes. It is envisaged that these resources will not be utilised in this financial year and will be used to support the future basic need programme.
- Capital Maintenance (£365k) – This element of funding is used for both planned and reactive maintenance and as such there is an element held uncommitted this has now been transferred to 2021/22 for delivery of schemes as required.
- SEND (£130k) – Potential work for this resource has been identified at Lostock High School, this is being developed with expected delivery to take place in the 2021/22.

### Place

- Integrated Transport – (£193k) – There has been a number of small schemes that have now been delayed while consultation works take place to develop the schemes, with works expected to take place once this has been completed.
- Affordable Housing – (£423k) Completion of this THT lead scheme which Trafford Council are contributing 25% of cost on completion is now expected to be completed in April 21.



- CCTV – (£189k) Work around CCTV coverage is still under development it is anticipated that this will be completed in the next financial year.
- DDA and Public Buildings – (£175k) Work on all but essential works are being carried out as a review of the corporate estate is undertaken.
- Town Centre and Business Loan Funds – (£170k) Due to the current pandemic and the lack of activity in our town centres there has not been any significant uptake for these funds. It is anticipated that once our high streets reopen there will be increased demand for these funds.
- Turn Moss – Playing Fields – (£250k) Work on this is expected to start this year with completion early in the new financial year.
- 9/11 Market Street Altrincham – (£239k) An options appraisal is currently being undertaken to assess if refurbishment or disposal is the best option for this property.
- Highways Structural Maintenance – (£753k) There are a number of schemes within Structural Maintenance and Bridge Assessments and Strengthening where work on site has not yet commenced but design work has been completed or is currently underway with work anticipated to commence early within the next financial year.
- Leisure Centres Essential Maintenance - £80k Additional essential works has been identified and brought forward across the various sites that require immediate action before financial year end.

24. Resourcing of the capital investment programme is made up of both internal and external funding. Details of this are shown in the following table.

<b>Table 6: Capital Investment Resources 2020/21</b>	<b>Approved Programme £m</b>	<b>Changes £m</b>	<b>Current Programme £m</b>
<b>External:</b>			
Grants	17.27	(1.91)	15.36
Contributions	3.21	(1.56)	1.65
<b>Sub-total</b>	<b>20.48</b>	<b>(3.47)</b>	<b>17.01</b>
<b>Internal:</b>			
Receipts requirement	6.02	(1.06)	4.96
Borrowing	154.99	(0.83)	154.16
Reserves & revenue contributions	0.66	(0.28)	0.38
<b>Sub-total</b>	<b>161.67</b>	<b>(2.18)</b>	<b>159.50</b>
<b>Total Resourcing</b>	<b>182.15</b>	<b>(5.64)</b>	<b>176.51</b>
<b>Forecast Capital Receipts</b>	<b>1.91</b>	<b>-</b>	<b>1.91</b>
<b>Shortfall in Capital Receipts</b>	<b>(4.11)</b>	<b>(1.06)</b>	<b>(3.05)</b>

25. The Strategic Land Review Programme is under continuous review with an active programme of work to dispose of assets to realise receipts as soon as possible at an appropriate value to assist with the funding of the capital

programme. In the current three year capital programme, approved in February 2020, over the three year period until 2023/24 there is an anticipated deficit of £2.57m. This level has not changed since the P4 monitor but it is to be noted that there are a number of pressures on receipts from both straight forward disposals and self-development schemes that will continue to be monitored and will be reflected within the programme as more certainty is reached.

26. It is currently anticipated that the 2020/21 capital receipts will be £3.05m below those levels required within this financial year. The shortfall in capital receipts is partially due to the Council taking forward a number of proposals for the self-development of sites rather than a straightforward disposal, which had generally been the case previously. This is expected to generate an increase in the returns from the sites, however, their longer term nature will have an impact on the short term funding of the current capital programme.
27. The current shortfall in receipts of £3.05m would potentially give rise to the need for external borrowing with a potential revenue cost of £170k, the Council will look to mitigate these potential costs through its Treasury Management activity There is also a risk that if receipts are not realised over the longer period, or at all, then borrowing will then need to be paid for on a longer or more permanent basis and will result in a revenue budget pressure in the Medium Term Financial Plan.
28. Work is currently being undertaken to see if any properties currently within the Strategic Land Review Programme can be sold in advance of current assumptions. This is to assist with the current in year shortfall in receipts and reduce the need for short term borrowing.
29. On 17<sup>th</sup> February 2021, the Council approved the new capital programme from 2021/22 to 2023/24, and this budget reflected the requirement for £3.72m of capital receipts to be used to support the funding short fall in 2020/21, based on previous P8 monitor. The level of capital receipts estimated as being available to support the 2021/24 capital programme has been set at £19.18m. The Executive will receive regular updates on the capital programme and the level of available capital receipts during 2021/22 as part of the Capital Monitoring process.

### **Status and progress of projects**

30. As part of the monitoring process a record of the “milestones” reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion. The table below shows the value of the programme across the milestone categories.

<b>Table 7: Status on 2020/21 Projects</b>	<b>Current Budget £m</b>	<b>Percentage of Budget</b>
Already complete	22.32	60%
On site	13.22	35%
Programmed to start later in year	1.37	4%
Not yet programmed	0.25	1%
<b>Total</b>	<b>37.16</b>	<b>100%</b>

31. The first three categories give a good indication as to the level of confirmed expenditure to be incurred during the year. As can be seen £36.91m (99%) of the budget has now been committed or is programmed to start in the year.
32. Currently within the main capital programme, there have not been any specific schemes identified that will have a significant impact on the forecast levels of delivery and the current capital receipts position. This is under constant review with service areas and any issue that a rise will be reported here.

#### **ASSET INVESTMENT PROGRAMME**

33. In February 2020 approval was given to increase the Asset Investment Fund to £500m, supported by prudential borrowing, to support the Council's Investment Strategy. The transactions that have been agreed by the Investment Management Board to date have a total committed cost of £377.1m. The facility agreement at The Crescent (£44.32m anticipated outlay) is due to be repaid this year, meaning the balance of the approved £500m which is available for further investment is £166.67m (see table below).

<b>Table 8: Asset Investment Fund</b>	<b>Prior Years £m</b>	<b>2020/21 £m</b>	<b>Commitment £m</b>	<b>Total £m</b>
<b>Total Investment Fund</b>				<b>500.00</b>
<b>Cost</b>				
K Site, Stretford:-				
Equity in Trafford Bruntwood LLP	10.69	0.21	1.45	12.35
Development Loan to Bruntwood	10.69	0.21	1.35	12.25
Sonova House, Warrington	12.17			12.17
DSG, Preston	17.39			17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84			10.84
Trafford Magistrates Court	4.10	0.55		4.65
The Fort, Wigan	13.93			13.93
Sainsbury's, Altrincham	25.60			25.60
Brown Street, Hale	3.34	2.31	1.84	7.49
The Crescent, Salford	39.67	4.65	(44.32)	0
CIS Building, Manchester	60.00			60.00
Stretford Mall & Stamford Qtr				
Stretford Mall, Equity	8.82			8.82
Stamford Quarter, Equity	16.69			16.69
Acquisition Loan to Bruntwood	25.57			25.57
The Hut Group		46.28	21.22	67.50
Former sorting office, Lacy Street, Stretford	0.86	0.01	0.09	0.96
Various Development Sites	0.29	0.21		0.50
Castle Irwell, Salford	0	8.17	10.83	19.00
<b>Total Capital Investment</b>	<b>260.65</b>	<b>62.6</b>	<b>(7.54)</b>	<b>315.71</b>
Albert Estate Treasury Investment	17.62			17.62
<b>Total Investment</b>	<b>278.27</b>	<b>62.6</b>	<b>(7.54)</b>	<b>333.33</b>
<b>Balance available</b>				<b>166.67</b>

34. These investments are forecast to generate a net benefit to the revenue budget this year of £6.70m, which is an adverse variance of £728k compared to the budgeted target of £7.43m. The key variances are made up by the below:
- The Strategic Investment Property Portfolio is being closely monitored and there are pressures forecast, due to COVID-19, in achieving the budgeted levels of income at the Stretford Mall, Stamford Quarter and the Grafton Centre. These shortfalls are anticipated to be £891k in 2020/21.

- An equity investment is required to support the cash flow at the Lumina Village LLP (K Site) until new leases are agreed and land disposal start to take place in 2021. The cost of this investment is estimated to be £250k, with £100k funded from capital.
- The Council is currently carrying the cost of the former Sorting Office at Lacy St, Stretford, while the site awaits redevelopment. This is forecast to be £53k adverse in 2020/21.
- Due to the current economic climates, there has been a reduction in the EU Reference Rate and UK LIBOR. This has impacted on the variable interest elements of the Council's loan facility at the CIS Tower and its corporate loan to Bruntwood. This is forecast to result in an income shortfall in 2020/21 of £149k. This shortfall will be met through a reduction in the forecast contribution to the Council's risk reserve from these assets.
- This year there are two new debt facilities, agreed at Investment Management Board; an early drawdown of the agreed debt facility for the Hut Group to support new regeneration, and a facility at Castle Irwell to support a residential development. This additional income, forecast to be a net £624k in 2020/21. Phase 1 of the Hut Group debt investment, £30m, has been repaid in full, and the drawdowns for Phase 2 have now begun.
- The Council has paid £122k in insurance and service charges that has been included in the outturn, the Council is seeking to recharge this under the tenancy agreement, in which case the pressure will be removed in the next monitor.
- The Crescent debt investment, £44.3m, has now been repaid in full, and a payment has been received for all outstanding interest and fees totalling £5.71m. This repayment happened later than anticipated in the budget, and so an additional £135k has been received, which paired with favourable borrowing rates for the Council has resulted in an in-year surplus of £422k. This surplus is to be contributed to the Risk Reserve.

35. The Council has set aside a Risk Reserve to mitigate against potential unforeseen cost or income pressure and to finance future investment in the Council's assets. At the start of the financial year this reserve stood at £3.9m and is forecast to rise by £1.4m this year, giving a year-end balance of £5.3m. This contribution is £352k lower than planned at the start of the year
36. There are a number of self-development schemes that are currently being undertaken to generate resources to support the capital programme. There is significant progress being made on these. Below is an update on the current schemes either currently on site or where progress has been significantly made;
- Brown Street  
This scheme is on site and is progressing well, it is still anticipated that completion of the 10 townhouse and 12 affordable apartments will be in July 2021. The townhouses are to be sold on the open market and current advice given from the development partner's in house sales and marketing team is that the properties will achieve the market values assumed with the financial model for the scheme. The 12 affordable properties are to be sold to a Housing Registered Provider (RP). A number of offers had been received from RP's through a formal tender process and a preferred partner had been identified. Unfortunately this RP has now withdrawn. A new bidding process has been undertaken and is close to concluding. Currently the scheme is forecasting a return of £1.1m which is an IRR of 13%.
  - Sale Magistrates  
A formal planning application has now been submitted with the Planning Authority and this process is now expected to be completed by March 2021. There has been a reduction of two properties within the scheme as a result of issues around building over a drainage systems which has recently been identified. This will potentially have a slight impact on the anticipated return for the scheme but an exercise is underway to mitigate this as far as possible and it is still expected that this will still be delivered within the current assumptions in the capital programme, with a development return of £3.0m which is an IRR 13%.
  - Jubilee Centre  
The architect has been appointed for this schemes and with the rest of the design team being appointed imminently it is anticipated that consultation will start on the scheme in the New Year.

## Issues / Risks

37. The main risk in the area of the capital programme is the timely delivery of the programme and the timely generation of receipts. These will continually to be closely monitored and any issues will be reported as and when they arise.

38. Risk around the investment strategy is assessed when investment options are appraised and approved with appropriate provision being made to mitigate elements of risk, including through the use of the Council's Risk Reserve.

**Recommendations**

39. It is recommended that that the Executive:
- a) note the updated positions on the revenue budget, collection fund and capital programme.
  - b) note the movements in earmarked reserves.

Appendix 1

<b>Service Review/Virements</b>	<b>Children's (£000's)</b>	<b>Adults (£000's)</b>	<b>Place (£000's)</b>	<b>Strategy &amp; Resources (£000's)</b>	<b>Finance &amp; Systems (£000's)</b>	<b>Governance &amp; Community Strategy (£000's)</b>	<b>Council -wide (£000's)</b>	<b>Total (£000's)</b>
<b>Period 8 Report</b>	<b>42,095</b>	<b>61,766</b>	<b>29,360</b>	<b>5,128</b>	<b>7,900</b>	<b>6,518</b>	<b>22,755</b>	<b>175,522</b>
<b>Virements:</b>								
Senior Business Intelligence Analyst funded by Investors in Children fund	(18)			18				0
<b>Total movements</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Period 10 Report</b>	<b>42,077</b>	<b>61,766</b>	<b>29,360</b>	<b>5,146</b>	<b>7,900</b>	<b>6,518</b>	<b>22,755</b>	<b>175,522</b>



